



## Motion No. M2019-56

### Second Lease Amendment with SREH 2014 LLC for 315 5th Avenue South

Meeting:	Date:	Type of action:	Staff contact:
Rider Experience and Operations Committee	06/06/2019	Recommend to Board	Bonnie Todd, Executive Director of Operations
Board	06/27/2019	Final action	<b>Nancy Bennett, Property Management Manager</b>

### Proposed action

Authorizes the chief executive officer to execute a second amendment to the lease agreement with SREH 2014 LLC to extend the term for office space on the first, fourth, fifth, seventh and eighth floors of 315 5th Avenue South in Seattle, WA, and office space for the Ticket Vending Machine support group located in the same building for an additional period of 45 months expiring on November 30, 2023, in the amount of \$8,647,091 for a new total authorized lease agreement amount not to exceed \$22,315,419.

### Key features summary

- Sound Transit has executed two separate leases for the space at 315 5th Avenue South for agency staff and co-located consultants, including the Ticket Vending Machine support group. Both lease agreements are expiring on February 29, 2020.
- This lease amendment will:
  - Incorporate all of the space into one lease document for a total of 60,006 rentable square feet of office space.
  - Extend the existing lease term by 45 months, commencing March 1, 2020, and ending November 30, 2023.
- The amount requested is sufficient to cover the additional 45-month lease term. The landlord will be cleaning the carpet and touching up paint throughout the entire premises.
- Resolution No. R2018-40 states that the Board must approve real property agreements when the financial obligation of either Sound Transit or the other party exceeds \$5,000,000.

### Background

With the passage of ST3 in November 2016, the space needs are significant to accommodate staff working on the system expansion implementation plan and ongoing service. Current projections shows an increase of almost 300 staff and consultants from staffing counts in April 2018.

### Fiscal information

The proposed action will amend the current lease with SREH 2014 LLC to extend the term of the Ticket Vending Machine (TVM) support group lease located at 315 5th Ave. S. in Seattle, WA for an additional period of 45 months. In addition, the office space located on the first, fourth, fifth, seventh and eighth floors at 315 5th Ave. S. in Seattle, WA, under separate lease agreement expiring on February 29,

2020, will now be incorporated with the TVM support group lease into one lease document with the same new expiration date of November 30, 2023.

The proposed action includes lease amounts for both the office space and TVM support group space for a 45-month period.

The proposed action will amend the current contract by \$8,647,091, of which \$0 will be spent in 2019, for a new total authorized contract amount not to exceed \$22,315,419 and will be funded from the Leases & Rentals category within the Design, Engineering and Construction Management (DECM) department's annual operating budget. The Leases & Rentals category budget is \$8,795,146, of which a total \$1,619,792 is estimated to be spent for the existing contract in 2019 (YTD spending of \$621,731 and estimated spending for the rest of 2019 of \$998,061) and is within the agency's budget authority. After approval of this action, the remaining annual budget amount will be used to fund other department expenditures anticipated in the 2019 annual budget.

**Funding the additional years of the contract will be included in future annual budget requests.**

**Design, Engineering and Construction Management (DECM)**

(in thousands)

Cost Category	2019 Annual Operating Budget <sup>1</sup>	YTD Actuals <sup>2</sup>	This Action (Current Year Impact Only)	YTD Actuals Plus Action (Current Year Only)	Remaining Annual Operating Budget
Salaries and Benefits	\$43,488	\$11,909		\$11,909	\$31,578
Services	1,705	378		378	1,326
Materials and Supplies	119	2		2	117
Utilities	335	60		60	275
Insurance	50				50
Taxes	278	215		215	63
Miscellaneous	330	140		140	190
Leases and Rentals	8,795	3,205		3,205	5,590
<b>Total Annual Operating Budget</b>	<b>\$55,100</b>	<b>\$15,909</b>	<b>\$</b>	<b>\$15,909</b>	<b>\$39,190</b>

Contract Spending Plan	Spending to Date <sup>3</sup>	Forecasted Spend for Remainder of 2019	Future Spending	Total
SREH 2014 LLC	\$11,639	\$998	\$9,678	\$22,315

Contract Detail	Board Approved Contract Value	Proposed Action	Proposed Revised Board Approved Contract Value
705 Union Station LLC	\$13,668	\$8,647	\$22,315
Contingency			
<b>Contract Amount - Total</b>	<b>\$13,668</b>	<b>\$8,647</b>	<b>\$22,315</b>
Percent Contingency	0%	0%	0%

**Notes:**

<sup>1</sup>2019 Annual Operating Budget is located on page 125 of the Adopted Budget book.

<sup>2</sup>YTD Actuals as of April 30, 2019.

<sup>3</sup>Spending to Date as of April 30, 2019.

**Disadvantaged and Small Business Participation**

Not applicable to this action.

**Public involvement**

Not applicable to this action.

## **Time constraints**

A one-month delay would not create a significant impact to the project schedule.

## **Prior Board/Committee actions**

Motion No. M2014-58: Authorized the chief executive officer to execute a lease amendment with SREH 2014, LLC to extend the lease term for office space for the Transit Systems Group through February 2020 in the amount of \$1,022,000 for a new total authorized lease agreement amount not to exceed \$1,604,832.

Motion No. M2010-77: Authorized the chief executive officer to execute an amendment to the existing ten year lease with Union Street Improvement Company, LLC for an additional office space located at 315 5th Avenue S. in Seattle, WA. For a total not to exceed amount of \$13,668,328 for the ten year term.

Motion No. M2009-102: Authorized the chief executive officer to execute a ten-year lease with two additional one- to five-year options to renew with Union Street Improvement Company, L.L.C. for office space located at 315 5th Avenue S. in Seattle WA, in an amount not to exceed \$13,277,315 for the ten year term.

Motion No. M2009-89: Authorized the chief executive officer to execute a five year lease with two one year options with Union Street Improvement Company, LLC for office space located at 315 5th Avenue S. in Seattle, WA in an amount not to exceed \$582,832.

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**Environmental review – KH 5/28/19**

**Legal review – JV 5/29/19**



## Motion No. M2019-56

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a second amendment to the lease agreement with SREH 2014 LLC to extend the term for office space on the first, fourth, fifth, seventh and eighth floors of 315 5th Avenue South in Seattle, WA, and office space for the Ticket Vending Machine support group located in the same building for an additional period of 45 months expiring on November 30, 2023, in the amount of \$8,647,091 for a new total authorized lease agreement amount not to exceed \$22,315,419.

### Background

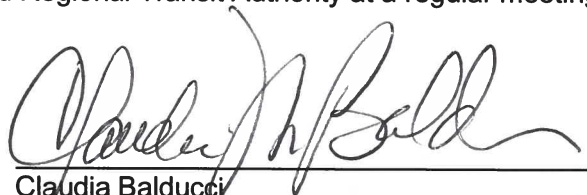
With the passage of ST3 in November 2016, the space needs are significant to accommodate staff working on the system expansion implementation plan and ongoing service. Current projections shows an increase of almost 300 staff and consultants from staffing counts in April 2018.

Sound Transit has executed two separate leases for the space at 315 5th Avenue South for agency staff and co-located consultants, including the Ticket Vending Machine support group. Both lease agreements are expiring on February 29, 2020. This lease amendment will incorporate all of the space into one lease document for a total of 60,006 rentable square feet of office space and extend the existing lease term by 45 months, commencing March 1, 2020, and ending November 30, 2023.

### Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a second amendment to the lease agreement with SREH 2014 LLC to extend the term for office space on the first, fourth, fifth, seventh and eighth floors of 315 5th Avenue South in Seattle, WA, and office space for the Ticket Vending Machine support group located in the same building for an additional period of 45 months expiring on November 30, 2023, in the amount of \$8,647,091 for a new total authorized lease agreement amount not to exceed \$22,315,419.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 27, 2019.

  
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Claudia Balducci  
Board Chair Pro Tem

Attest:

  
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Kathryn Flores  
Board Administrator